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SUBJECT: NICARAGUA QUILTS TRADE NEGOTIATIONS WITH EUROPEANS

REF: A) 08 MANAGUA 1437; B) 07 MANAGUA 0438

Summary

[1](#)1. (SBU) On April 1, Nicaragua withdrew from the seventh round of negotiations for an Association Agreement between the European Union and Cer
60 Billion Euros to Address Asymmetries

[1](#)2. (U) On April 1, Nicaraguan Vice Minister of Foreign Affairs Manuel Coronel Kautz announced that Nicaragua had withdrawn from the seventh rc

[1](#)3. (U) In public, President Ortega has glossed over any disagreement with his Central American colleagues. He explained, "The presidents [of C
Central Americans, Europeans Call Proposal Unrealistic

[1](#)4. (U) Other Central American countries have criticized Nicaragua
for withdrawing from the negotiations. Among the most vocal was
Costa Rican Foreign Minister Bruno Stagno, who called the Nicaraguan
proposal for a 60 billion euro fund "unrealistic" and the decision
to withdraw "inopportune." Salvadoran Vice Foreign Minister Eduardo
Calix said the Nicaraguan withdrawal was unfortunate because parties
were very close to wrapping up negotiations. He added that the
process should continue, and the Nicaraguan delegation would be
welcome whenever it chose to return.

[1](#)5. (SBU) Marc Litvine, Charge d'Affaires for the European Commission
in Managua, confirmed that the Nicaraguans had in fact presented a
proposal for a 60 billion euro compensation fund, despite opposition
from Costa Rica, El Salvador, and Guatemala. He told Econoff that
the European delegation had rejected the proposal out of hand and
advised the Nicaraguan delegation to "be more realistic." Litvine
explained that in previous rounds, the Nicaraguans had talked about
a 20 billion euro fund. He speculated that the request for 60
billion euro was a misguided negotiating tactic that only served to
further exacerbate tensions between the Nicaraguans and other
Central American delegations.

April 23 Meeting to Regroup

[1](#)6. (SBU) Jose Adan Aguerri, President of the Nicaraguan Federation
of Business Associations (COSEP), has called on the Nicaraguan
Government to rejoin the negotiations. Litvine said the European
Commission has invited all participants in the negotiations to meet
informally in Brussels on April 23 to chart a course forward. In
his view, the Nicaraguan delegation is welcome, but its
participation is not necessary. According to an EU press release,
"We are ready and willing to listen carefully to the requests from
Nicaragua and we will spare no effort to find mutually agreeable
solutions." In response, Vice Minister of Foreign Affairs Kautz,
who had called for a six-month moratorium on negotiations, announced
on April 7 that Nicaragua would attend the meeting in Brussels to
present its proposal for a compensation fund.

Comment

[1](#)7. (SBU) Ideology, not common sense, drives Nicaraguan foreign policy, especially when hard-line Vice Minister Kautz is at the helm. The Nicar
CALLAHAN